

ORIGINAL

Decision No. 74631

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of SIERRA PACIFIC POWER COMPANY and PACIFIC GAS AND ELECTRIC COMPANY for an order authorizing, among other things, (a) the former to sell and convey to the latter the electric facilities herein described, (b) Pacific Gas and Electric Company to file and make effective electric tariff schedules as herein requested, and (c) the redefinition of the service area boundary line of the parties in Nevada County, California. } Application No. 50337 (Filed June 20, 1968)

(Electric)

OPINION AND ORDER

Sierra Pacific Power Company (Sierra), and Pacific Gas and Electric Company (Pacific), request an ex parte order of the Commission authorizing, among other things, (a) Sierra to sell, and Pacific to purchase Sierra's public utility electric facilities in the Donner Summit area, Nevada County, in accordance with the terms and conditions of an agreement dated May 7, 1968, (b) Pacific to file and make effective electric tariff schedules as proposed in the application, and (c) redefine the service area boundary line of the parties in Nevada County.

Sierra and Pacific are each certificated by this Commission to serve portions of the Donner Summit area in Nevada County. During the past three decades, customer growth has occasionally occurred in such a way that service could be rendered more efficiently by Sierra, even though the new load was in Pacific's certificated area. Sierra and Pacific agreed that Sierra could serve such load until such time as Pacific desired to assert its right to provide the service. Pacific's loads in the area are stated to have grown in recent years to the point

that it is now appropriate for it to assert its right to serve the customers in its area.

In 1967 Sierra transferred to the Truckee Public Utility District a portion of its service area in Nevada County east of Donner Summit. Because the portion remaining to Sierra after the Truckee transfer and the desire of Pacific to serve the customers in its certificated area and because of the distance of the Donner Summit area from the balance of Sierra's service area, the parties have reached agreement for the sale of Sierra's facilities (System) necessary to supply customers in this area to Pacific. A copy of the agreement is attached to the application marked Exhibit A.

The purchase price for the System is stated to be \$164,561.39 plus the actual cost of additions and betterments, less retirements, made to System between June 30, 1967, and the date of transfer, and real and personal property taxes, if any, allocable to System, paid by Sierra for any period after the date of transfer. The historical cost new of the existing electric facilities of Sierra in the area considered is stated to be \$191,433 as of July 1, 1967.

The System to be transferred shall include the following:

a. All of the installed electric utility distribution facilities owned by Sierra within the Donner Summit area, shown as Exhibit A attached to the agreement, at the date of transfer consisting of substations, poles, fixtures, conductors, transformers, switching devices, cutouts, services, meters, and all other equipment in any way connected with Sierra's utility operations in the area, except one 60/14.4 KV unit substation transformer, located at Sierra's Summit Substation and all 14.4 KV line transformers which will be loaned to Pacific, at no cost, for a period up to six months, at which time they will be returned to Sierra.

b. Two thousand two hundred forty-five (2,245) feet of 60 kv transmission line located between Pacific's existing 60 kv metering station near Lake Mary and Sierra's Summit Substation site.

c. All current meter cards, billing records, and distribution maps and operating records applicable to System. All such records shall be maintained by Sierra to the date of transfer and shall be turned over to Pacific as soon thereafter as practicable.

d. All real property and all transferable land rights applicable to facilities installed on System, including easements, rights-of-way, licenses, permits and pole contact agreements held by Sierra within the Donner Summit area.

e. All customer refundable advances, together with any accrued interest, and all records and contracts pertaining to these advances. Pacific shall assume Sierra's obligations pertaining to such advances.

Sierra and Pacific state they will cooperate in making applications to the U. S. Forest Service for transfer or reissuance to Pacific Special Use Permits, effective on the date of transfer, substantially with the same conditions as Sierra's existing permits.

The date of transfer shall not occur until all rights-of-way, easements, licenses or permits now held by Sierra, which are not transferable, that are necessary for the operation of System have been replaced by rights-of-way, easements, licenses or permits satisfactory to Pacific.

Applicants request that the boundary line between the service areas of Sierra and Pacific in Nevada County, in the Donner Summit area, as described in Commission Decisions No. 29213, October 26, 1936, and No. 43011, June 21, 1949, be reestablished as shown on a map attached to the agreement as Exhibit B and described as follows:

Pacific shall, after the date of transfer, initially serve in the area west of a line 2 miles east of the boundary line between R14E and R15E, M.D.B.&M., beginning at a point

on the county line between Nevada and Placer Counties (this point also being approximately 575 feet north of the southeast corner of Section 16, T17N, R15E), thence north to the boundary line between T17N and T18N, thence westerly along the boundary line to the boundary line between R14E and R15E, thence north 4 miles to the southeast corner Section 13, T18N, R14E, thence west 6 miles to the boundary line between R13E and R14E, thence north 2 miles along the boundary line to intersect the common boundary between Sierra and Nevada Counties, thence westerly along the county line to intersect the existing territorial boundary line. Extension beyond this area within Nevada County by Pacific shall be made after the date of transfer pursuant to its regular extension rule.

On the date of transfer Sierra shall cease its service in the area considered herein in Nevada County. After the date of transfer, Pacific and Sierra shall not extend their facilities to serve in areas then served by the other or by any other entity now serving in Nevada County. On the date of transfer Pacific shall assume full responsibility for electric utility service in the aforesaid area and Sierra shall be relieved of the obligation to provide such service within any part of this area including service to all customers now served therein by Sierra.

Concurrently with the acquisition of System, Pacific proposes to:

1. Make effective for electric service to be supplied in the area its systemwide rate schedules as set forth on pages 7 and 8 of the application.

2. Make effective in the area its currently filed rules, including contract and other forms, relating to electric service.
3. Continue in effect Sierra's Schedules A-1, D-1, H-1, and Rule No. 3, attached to the application marked Exhibit C, for all customers of Sierra at the date of transfer who would otherwise receive an increase if Pacific's rates were made applicable. The Sierra rate schedules in effect at the date of transfer applicable to these customers will continue in effect until such customers elect to transfer to Pacific rates or until such customers permanently discontinue service at the locations served on the date of transfer. Any new customer at an existing or new location will be placed on the applicable schedules of Pacific.

Pacific states it intends that no customer served by Sierra at the date of transfer shall receive a rate increase by the initial application of Pacific's rates. Many customers who elect to transfer to Pacific rates will receive annual reductions.

During the year 1967, Sierra supplied electric service to an average of 137 customers and received total gross revenue of \$62,063 related to its Donner Summit area electric facilities. Pacific estimates that the rates proposed in this application if applicable in the same area would have produced a total reduction of approximately \$3,800.

The agreement states it shall not become effective until authorization of this Commission and such other regulatory agency having jurisdiction over the parties hereto is first obtained.

The Commission finds that (1) the proposed sale and transfer is not adverse to the public interest, (2) public convenience and necessity require that the boundary between the service area of the parties should be reestablished according to the agreement, (3) Pacific's rates, charges and rules should be made effective in the area, (4) Pacific should continue billing on Sierra's tariffs to those customers who would receive an increase if Pacific rates were applied until the customer transfers to Pacific rates or until service is permanently discontinued at the location being served on the date of transfer, (5) the application should be granted. No protest has been received and a public hearing is not necessary.

The action taken herein shall not be construed to be a finding of the value of the properties that might be transferred as a result of this decision.

IT IS ORDERED that:

1. Sierra Pacific Power Company may sell and convey to Pacific Gas and Electric Company, and the latter may purchase the public utility properties, together with all utility rights, in accordance with the terms and conditions of an agreement dated May 8, 1968, a copy of which is attached to the application as Exhibit A.

2. Sierra Pacific Power Company shall, within thirty days after the consummation of the transfer herein authorized, notify this Commission in writing of the date thereof and within said period shall file with this Commission a true copy of any bill of sale or other instrument of transfer which may be executed to effect such transfer.

3. Sierra Pacific Power Company shall, within ninety days after the consummation of the sale and transfer, furnish this Commission the total costs of any additions and betterments of the facilities

involved and made by Sierra between June 30, 1967 and the date of transfer of said facilities to Pacific.

4. Sierra Pacific Power Company shall, concurrently with the consummation of the sale and transfer to Pacific Gas and Electric Company of the property described herein, cease furnishing and supplying electric service to customers presently being served by it by means of said property and is relieved of the duties and responsibilities (including all public utility obligations) of an electric corporation within the area involved.

5. Pacific Gas and Electric Company shall record the acquisition in accordance with the Commission's Uniform System of Accounts prescribed for Class A electric utilities, and shall, within sixty days after the consummation of the purchase, file with the Commission a copy of each journal entry used to record the purchase in its books of account.

6. The existing boundary line between the service area of Sierra Pacific Power Company and Pacific Gas and Electric Company, in Nevada County, described by Commission Decisions No. 29213, dated October 26, 1936, and No. 43011, dated June 21, 1949, is reestablished as described in the agreement and shown on the map attached thereto. In all other respects said decisions shall remain in full force and effect.

7. Upon transfer and conveyance of the property, Pacific Gas and Electric Company is authorized to make effective its tariff schedules set forth in the application and to make effective its presently filed electric service rules.

8. Pacific Gas and Electric Company is authorized, upon the date of transfer to make effective in the Donner Summit area its rates, charges and rules.

9. Pacific Gas and Electric Company is authorized, upon the date of transfer to continue billing on Sierra's applicable tariffs any customer who would receive an increase if Pacific rates were applied to that customer until the customer elects to transfer to Pacific rates, or until the customer discontinues service permanently at the location being served on the date of transfer.

10. Pacific Gas and Electric Company shall file within thirty days after the date of transfer, in conformity with General Order 96-A a revised list of contracts and deviations to reflect service under the tariff schedules of Sierra Pacific Power Company attached to the application as Exhibit C.

The authority granted herein shall expire in the event that applicants do not consummate the sale and purchase of the System within two years from the date hereof.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 14th day of SEPTEMBER, 1968.

William Lyons, Jr.
President

Ed E. Mitchell

William L. Bennett

Augustin

Jack P. Monahan
Commissioners